

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 7**

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To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: September 14, 2023

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Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continue to meet and discuss legislative matters. Below is a summary of recent activities in the California Legislature and Administration.

The 2023 legislative session is in its final days as the last day of session is September 14, after which the focus on legislation will shift from the Legislature to the Governor as Governor Newsom will have until October 14 to sign or veto all of the bills put on his desk. These last days and weeks of the 2023 session have seen the Senate decide upon a new leader, an agreement on the Governor's proposed policy on central procurement, and a decision to defer final negotiations on a climate resilience bond to the 2024 session.

Earlier this session, the Assembly finally transitioned from former Speaker Rendon to Speaker Rivas after a lengthy battle for the Assembly's top spot and succession plan. The Senate decided to have a much smoother and cleaner transition from current Senate Pro Tem Toni Atkins, who terms out in 2024, to Senator Mike McGuire who will assume the leadership post in early 2024. Senator McGuire hails from the North Coast and represents several CCAs – MCE, Sonoma Clean Power, and Redwood Coast. Senator McGuire terms out in 2026 so his time atop the Senate will be relatively short, and will serve as a bridge to the nearly 20 senators that will have been elected at the 2022 and 2024 ballots that will make up the majority of the caucus as Senator McGuire terms out.

Closer to VCE's priorities, the session-long effort to authorize DWR to take on central procurement, amongst other proposals, has finally landed as a policy bill authored by Assemblymember Garcia, AB 1373. Lobbying efforts by CalCCA and individual CCAs, including VCE, shaped the policy to ensure CCAs maintain their procurement autonomy. Importantly, CCAs and and CalCCA ended up in a "neutral" position after working out amendments with the Governor's Office, the author, and the relevant policy committees. Senator Dodd played an important role during negotiations earlier in the summer that prevented previous, harmful iterations of the proposed policy from advancing and VCE has appreciated his representation.

Lastly, staff and Pacific Policy Group pursued an amendment to include AgFIT funding in the proposed climate bond effort. While the negotiations on a climate bond have been delayed until 2024, the advocacy to date proved useful as Assemblymember Garcia's team are in support of including AgFIT in Mr. Garcia's proposed climate bond AB 1567. Staff and PPG will continue this effort when negotiations on a climate bond continue in 2024.

VCE staff, the LRTG and PPG are currently examining the following bills:

### **1. AB 1373 (Garcia) – Central Procurement**

Summary: This bill would establish the Department of Water Resources (DWR) as the Central Procurement Entity (CPE) for the state. Further, the bill requires the PUC, by September 1, 2024, and biennially thereafter, to determine if there is a need for the procurement of additional offshore wind and geothermal energy resources and would authorize the PUC to then request DWR to centrally procure offshore wind and geothermal energy. In addition, this bill would require that the portfolio of resources required by the PUC for LSEs to procure ensures a reliable electricity supply that also provides optimal integration of resource diversity in a cost-effective manner, as specified.

AB 1373 in its previous form represented the Governor's energy trailer bill proposal that presented significant challenges for CCAs, mainly 1. a CPE that could procure any resource and could also be an IOU; 2. authorized PUC to enforce an LSE's integrated resource plan (IRP); and 3. assess an additional penalty on an LSE that fails to achieve its RA target without exemption. AB 1373 was amended based on input from CCAs to define DWR as the CPE and limit the CPE to only procure offshore wind and geothermal resources, limits the PUC's authority related to LSE procurement based on its IRP, and aligning potential RA penalties with capacity payments into the Strategic Reliability Reserve. While these amendments do not alleviate all of the concerns raised by CCAs they substantially move the bill in the right direction.

CalCCA has engaged in negotiations with the author's office, as well as with the Governor's Office and Senate budget leadership as it relates to the Governor's trailer bill, and discussions are ongoing.

CalCCA took a neutral position, as did VCE and other CCAs.

#### Additional Information

- Next Hearing: The bill will be heard next on the Senate Floor
- VCE has taken a Neutral position.
- Bill language: [AB 1373](#)

### **2. AB 50 (Wood) – Customer Energization**

Summary: This bill would require the Public Utilities Commission, on or before July 1, 2025, to determine the criteria for timely service for electric customers to be energized, including, among other things, reasonable average energization time periods for categories of timely service, as specified. The bill would require each large electrical corporation that energized less than 35% of customers with completed applications exceeding 12 months in duration by January 31, 2023, to submit a report to the commission, as specified, on or before December 1, 2024, demonstrating that the large electrical corporation has energized 80% of customers with

applications deemed complete as of January 31, 2023, as specified. To improve the accuracy of projected demand and facilitate achievement of the goal of timely electric service through energization, the bill would require each large electrical corporation to evaluate and update, as necessary, its existing distribution planning processes. In order to inform the commission's determination of criteria for timely service, the bill would require the commission to annually collect certain information from each large electrical corporation until new reporting requirements are established. The bill would require the commission to establish a procedure for customers to report energization delays to the commission.

The issue of interconnection and energization have been a hot topic in the Legislature this year. Interconnection is the process of the utility connecting new generation into the transmission and distribution system while energization is the process of the utility connecting a new or upgraded home or business to the grid so that it can receive electricity. There have been numerous stories of IOU delay for both interconnection and energization, mostly in the PG&E service territory. VCE's service territory has experienced its share of energization delays, most notably the carpet recycling business that waited two years to be energized by PG&E.

AB 50 is authored by Asm. Wood of the North Coast, one of the most prominent instances of delayed energization came out of Humboldt County as PG&E informed the county it would not connect any new projects in the southern part of the county. Both Senator Dodd and Asm. Aguiar-Curry are co-authors of the measure.

Supporting AB 50 is consistent with Provision 2b of the VCE Legislative Platform to support legislation that reforms the utility regulatory and business model so that IOUs deliver greater benefits to ratepayers, and increase safety and reliability.

#### Additional Information

- Next Hearing: The bill will be heard next on the Senate Floor
- VCE has taken a Support position.
- Bill language: [AB 50](#)